



WILLIAM T FUJIOKA
Chief Executive Officer

County of Los Angeles
CHIEF EXECUTIVE OFFICE

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"To Enrich Lives Through Effective And Caring Service"

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July 30, 2013

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

11 July 30, 2013

SACHI A. HAMAI
EXECUTIVE OFFICER

**AMENDMENT NO. 1 TO LEASE NO. 71378
DEPARTMENT OF PUBLIC SOCIAL SERVICES
3220 ROSEMEAD BOULEVARD, EL MONTE
(FIRST DISTRICT)
(3 VOTES)**

SUBJECT

This recommendation is a five-year lease amendment for 20,435 rentable square feet of office space for the Department of Public Social Services including on-site parking spaces for 100 vehicles.

IT IS RECOMMENDED THAT THE BOARD:

1. Find that the proposed lease amendment is categorically exempt from the provisions of the California Environmental Quality Act pursuant to Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by the Board, per Section 15301 of the State of California Environmental Quality Act Guidelines (Existing Facilities).
2. Approve and instruct the Chairman to sign an amendment for a five-year extension of the lease with Town Investment LLC for the Department of Public Social Services to continue occupancy of 20,435 square feet of office space and providing 100 on-site parking spaces located at 3220 Rosemead Boulevard, El Monte, at an initial annual rental cost of \$339,943. The rental cost is 91 percent subvented by State and Federal funds and 9 percent net County cost.
3. Authorize the Chief Executive Officer and the Director of Public Social Services to implement the project upon Board approval with the lease term commencing on August 5, 2013.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approval of this lease amendment will provide the Department of Public Social Services (DPSS) continued occupancy of this space, which houses two departmental operations. The Management Information and Evaluation (MIE) operation is responsible for administrative activities, such as, audit liaison and corrective action. The Management Research Services (MRS) operation under CalFresh and the Medi-Cal program conducts work measurement and processes assessment studies for the department.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan Goal of Operational Effectiveness (Goal 1) directs that we maximize the effectiveness of process, structure, and operations to support timely delivery of customer-oriented and efficient public services. In this case, the County is supporting this Goal by providing services that enhance the families to achieve self-sufficiency and economic well-being. The lease amendment is in conformance with the Asset Management Principles as outlined in Attachment A.

FISCAL IMPACT/FINANCING

The proposed lease amendment will provide the County uninterrupted use of 20,435 square feet of office space and 100 on-site parking spaces at a monthly base rent of \$28, 329 per month, or \$339,943 annually. The base rental rate remains the same as the prior year base monthly rent with no rental adjustment. Attachment B is an overview of the changes in the lease.

This is a full-service gross lease whereby the Town Investment, LLC (Lessor) is responsible for all operating costs associated with the County's occupancy. The rent is subject to Consumer Price Index (CPI) increases to a maximum of 3 percent of the first year base rent. Parking is included in the rental rate and is provided in the on-site secured parking lot. Sufficient funding for the proposed lease cost is included in the Fiscal Year (FY) 2013 14 Rent Expense budget and will be billed back to DPSS. DPSS has sufficient funding in its FY 2013-14 operating budget to cover the projected lease cost. State and Federal subvention will be used to fund 91 percent of the rental costs, and the remaining 9 percent will be net County cost.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The County entered into this full-service lease in July 1998, for 20,435 square feet of office space. The proposed lease amendment contains the following provisions:

- Commencement of new five-year term effective August 5, 2013, upon approval by the Board.
- A full-service gross lease with the Lessor responsible for all operational and maintenance costs.
- A cancellation provision allowing the County to cancel any time after the 36th month on 60 days prior written notice.
- The rent includes 100 on-site parking spaces.
- Annual rental rate adjustments subject to CPI with a maximum increase of 3 percent of the new base year rent throughout the term.

The Chief Executive Office (CEO) Real Estate staff conducted a survey within the search area to

determine the availability of comparable and more economical sites. Staff was not able to identify any sites in the surveyed area that could accommodate this requirement more economically, nor are there any County-owned or leased facilities available for this program. Attachment C shows County-owned or leased facilities in the proximity of the service area and indicates there are no suitable County-owned or leased facilities available for the program. The Department of Public Works has inspected this facility and found it suitable for the County's occupancy. Notification letters have been sent to the City of El Monte pursuant to Government Code Sections 25351 and 65402.

ENVIRONMENTAL DOCUMENTATION

The CEO has concluded that this project is exempt from the California Environmental Quality Act (CEQA) as specified in Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by the Board, and Section 15301 of the State CEQA Guidelines (Existing Facilities).

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The proposed lease amendment will adequately provide the necessary office space for this County requirement. DPSS concurs with the proposed recommendation.

CONCLUSION

It is requested that the Executive Officer, Board of Supervisors, return three originals of the executed lease amendment, two certified copies of the Minute Order and the adopted, stamped Board letter to the CEO, Real Estate Division at 222 South Hill Street, 4th Floor, Los Angeles, CA 90012 for further processing.

Respectfully submitted,



WILLIAM T FUJIOKA
Chief Executive Officer

WTF:RLR:CMM
CEM:TS:ns

Enclosures

c: Executive Office, Board of Supervisors
County Counsel
Auditor-Controller
Public Social Services

Attachment A

DEPARTMENT OF PUBLIC SOCIAL SERVICES
3220 ROSEMEAD BIULEVARD, EL MONTE
Asset Management Principles Compliance Form¹

1.	<u>Occupancy</u>		Yes	No	N/A
A	Does lease consolidate administrative functions? ²				X
B	Does lease co-locate with other functions to better serve clients? ²		X		
C	Does this lease centralize business support functions? ²				X
D	Does this lease meet the guideline of 200 sq. ft of space per person? ² 186 sq. ft. per person		X		
2.	<u>Capital</u>				
A	Is it a substantial net County cost (NCC) program? 91 percent State and Federal funding			X	
B	Is this a long term County program?				X
C	If yes to 2 A or B; is it a capital lease or an operating lease with an option to buy?			X	
D	If no, are there any suitable County-owned facilities available?			X	
E	If yes, why is lease being recommended over occupancy in County-owned space?				X
F	Is Building Description Report attached as Attachment C?		X		
G	Was build-to-suit or capital project considered? The proposed building is offered at a competitive market rate and the program is State and federal funded offsetting monthly rental costs.			X	
3.	<u>Portfolio Management</u>				
A	Did department utilize CEO Space Request Evaluation (SRE)?		X		
B	Was the space need justified?		X		
C	If a renewal lease, was co-location with other County departments considered?		X		
D	Why was this program not co-located?				X
	1. ____ The program clientele requires a "stand alone" facility.				
	2. <u>X</u> No suitable County occupied properties in project area.				
	3. ____ No County-owned facilities available for the project.				
	4. ____ Could not get City clearance or approval.				
	5. ____ The Program is being co-located.				
E	Is lease a full service lease? ²		X		
F	Has growth projection been considered in space request?				X
G	Has the Dept. of Public Works completed seismic review/approval?		X		
¹ As approved by the Board of Supervisors 11/17/98					
² If not, why not?					

Attachment B**FISCAL IMPACT/FINANCING
OVERVIEW OF LEASE CHANGES**

3220 Rosemead Blvd.	Existing Lease	Proposed Lease Amendment No. 1	Change
Area (square feet)	20,435	20,435	None
Term	(08/05/08-08/04/2013)	Five years upon Board adoption, term commencing on 8/05/2013	+ 5 years
Annual Rent	\$339,943	\$339,943	None
Cancellation	County may cancel anytime with 60 days- notice	County may cancel anytime after the 36 th month upon 60 days- notice	County may cancel anytime after the 36 th month upon 60 days-notice
Parking (included)	100 spaces	100 spaces	None
Option to Renew	None	One 5-year option	One 5-year option
Rental Adjustment	CPI to a maximum 3 percent increases per year	CPI to a maximum 3 percent increases per year	None

Attachment C

SPACE SEARCH – WITHIN SERVICE AREA OF DPSS CLIENT PARTICIPANTS DEPARTMENT OF PUBLIC SOCIAL SERVICES 3220 ROSEMEAD BOULEVARD, EL MONTE

LACO	FACILITY NAME	ADDRESS	SQUARE GROSS	FEET NET	OWNERSHIP	SQUARE FEET AVAILABLE
A426	DCFS PASADENA OFFICE	532 E COLORADO BLVD, PASADENA 91101	75235	70721	LEASED	NONE
5397	PASADENA COURTHOUSE	300 E WALNUT ST, PASADENA 91101	193054	126899	FINANCED	NONE
D465	DPSS-PASADENA AP DISTRICT OFFICE	955 N LAKE AVE, PASADENA 91104	36224	25372	OWNED	NONE
A605	DCFS GLENDORA OFFICE	725 S GRAND AVE, GLENDORA 91740	109018	103567	LEASED	NONE
A471	THE ALHAMBRA COMPLEX – EAST TOWER	1000 S FREMONT AVE, ALHAMBRA 91803	194140	165995	LEASED	NONE
0122	THOMAS A TIDEMANSON BUILDING - ANNEX BUILDING	900 S FREMONT AVE, ALHAMBRA 91803	43500	36975	FINANCED	NONE
X900	THOMAS A TIDEMANSON PUBLIC WORKS BUILDING	900 S FREMONT AVE, ALHAMBRA 91803	536168	363876	FINANCED	NONE
5883	ALHAMBRA COURTHOUSE	150 W COMMONWEALTH AVE, ALHAMBRA 91801	99123	65494	FINANCED	NONE
0229	AG COMM/WTS & MEAS HQ / PROBATION SPECIAL SVCS	12300 LOWER AZUSA RD, ARCADIA 91706	35878	32290	OWNED	NONE
6144	MACLAREN CHILDREN'S CENTER	4024 N DURFEE AVE, EL MONTE 91732	71733	39555	OWNED	NONE
A527	PH-ENVIRONMENTAL HEALTH HEADQUARTERS	5050 COMMERCE DR, BALDWIN PARK 91706	77700	66045	OWNED	NONE
4982	PUBLIC LIBRARY-WEST COVINA REGIONAL LIBRARY	1601 WEST COVINA PKWY, WEST COVINA 91790	42345	14717	OWNED	NONE
X257	WEST COVINA COURTHOUSE	1427 WEST COVINA PKWY, WEST COVINA 91790	101573	77341	OWNED	NONE
A059	WEST COVINA REGIONAL SERVICES BUILDING	2934 E GARVEY AVE, WEST COVINA 91791-2191	57633	50369	LEASED	NONE
A275	COMMUNITY DEVELOPMENT COMMISSION HEADQUARTERS	2 CORAL CIR, MONTEREY PARK 91755	67500	60750	LEASED	NONE
A522	PH/DPSS/DCFS-TELSTAR EL MONTE COUNTY CENTER	9320 TELSTAR AVE, EL MONTE 91731	163000	146700	LEASED	NONE
A493	SAN GABRIEL VALLEY FAMILY SERVICE CENTER I	3350 AEROJET AVE, EL MONTE 91731	120000	108000	LEASED	NONE
B119	ASSESSOR-EAST DISTRICT OFFICE	1190 DURFEE AVE, SOUTH EL MONTE 91733	38000	34200	LEASED	NONE
6064	EL MONTE COURTHOUSE	11234 E VALLEY BLVD, EL MONTE 91731	114829	79129	OWNED	NONE
A130	DPSS-ADMINISTRATIVE HEADQUARTERS	12860 CROSSROADS PKWY S, CITY OF INDUSTRY 91745	55000	41943	LEASED	NONE
B002	DPSS-ADMINISTRATIVE HEADQUARTERS EAST ANNEX	12900 CROSSROADS PKWY S, CITY OF INDUSTRY 91745	34245	31420	LEASED	NONE
A507	DPSS-ADMINISTRATIVE HEADQUARTERS WEST ANNEX	12820 CROSSROADS PKWY S, CITY OF INDUSTRY 91745	33331	28331	LEASED	NONE

**AMENDMENT NO. 1 TO LEASE NO. 71378
3220 ROSEMEAD BOULEVARD, EL MONTE
DEPARTMENT OF PUBLIC SOCIAL SERVICES**

This Amendment No.1 to Lease No. 71378 is made and entered into this 30th day of July, 2013, by and between TOWN INVESTMENTS LLC, hereinafter referred to as "Lessor," and the COUNTY OF LOS ANGELES, a body politic and corporate, hereinafter referred to as "Lessee."

WHEREAS, Lessee has entered into that certain Lease No. 71378, hereinafter referred to as "Lease," for approximately 20,435 rentable square feet of office space located in a building at 3220 Rosemead Boulevard, El Monte, hereinafter referred to as "Premises;" and

WHEREAS, the parties to the Lease are now desirous to amend the Lease to extend the term of the lease beyond the Termination Date for an additional term of five (5) years, commencing upon approval by the Los Angeles County Board of Supervisors, hereinafter referred to as "Board;"

NOW, THEREFORE, in consideration of the foregoing recitals, which are hereby deemed a contractual part hereof and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and the rents, covenants, and agreements herein contained, and intended to be legally bound, Lessor and Lessee hereby covenant and agree as follows:

1. Paragraph 2 TERM, of the Lease shall be amended by adding the following subparagraph:

C. Exercise of Option to Renew:

The term of the Lease is hereby extended five (5) years, such that it shall expire on August 4, 2018 ("New Term").

2. Paragraph 2B OPTION TO RENEW, of the Lease is hereby amended by adding the following:

Provided Lessee is not in default, Lessee shall have the option to renew this Lease for a second five (5)-year term beyond August 4, 2018 ("Second Option Term"). During said Second Option Term, Lessee shall continue to pay the Monthly Base Rent as due hereunder. Said Monthly Base Rent shall continue to be adjusted in accordance with the terms of Paragraph 24 of the Lease. In the event that Lessee desires to exercise the option to renew, Lessee shall deliver Lessor written notice of such exercise not less than 120 days prior to the Lease Expiration Date. Only the Board of Supervisors of the County of Los Angeles may exercise the second option, prior to the expiration of the lease term, on behalf of the Lessee.

3. Paragraph 5 CANCELLATION. Cancellation is hereby deleted in its entirety and the following is inserted in substitution:

Lessee shall have a right to cancel this Lease during any time after the thirty-sixth (36th) month of the term. Lessee must give Lessor not less than ninety (90) days prior written notice of its intent to cancel.

4. Paragraph 3. RENT, of the Lease is hereby deleted and the following is inserted in substitution:

Upon commencement of the New Term ("Commencement Date"), the rent for the Premises shall be amended to Twenty-Eight Thousand Three Hundred Twenty-Eight and 62/100 (\$28,328.62) per month, (i.e.; \$1.386 per square foot for the 20,436 square feet which make up the Premises). Auditor's General Warrant shall pay all rent payable under the Lease in advance within fifteen days after the first day of each month of the term. Provided, however, that Lessor has caused a claim thereof, for each such month to be filed with the Auditor of the County of Los Angeles, prior to the first day of each month.

5. Paragraph 27. RENTAL ADJUSTMENTS, of the Lease is hereby deleted and the following is inserted in substitution:

The first full calendar month's rent shall be due and payable within 30 days of the Commencement Date in the total amount shown in Paragraph 3, Rent. A monthly installment in the same amount subject to the adjustments described herein shall be due and payable without demand on or before the first day of each calendar month succeeding the Commencement Date during the New Term and/or any option term(s), except that Rent for any fractional calendar month at the commencement or end of the given term(s) shall be prorated on a daily basis, provided that Lessor has filed a payment voucher with the Auditor of the County of Los Angeles (the "County") for the monthly Rent prior to the Commencement Date for the initial month(s) of the given term(s) up to and including June, and annually thereafter in June for the ensuing 12 months.

(a) Consumer Price Index (CPI). From and after the first anniversary of the Commencement Date, on the first day of the first full calendar month thereafter (the "Adjustment Date") and on every anniversary of the Adjustment Date thereafter, Basic Rent shall be adjusted by applying the CPI Formula set forth below. The "Basic Index" shall be the Index published for the month the Lease commences.

(b) CPI Formula. The Index means the CPI for all Urban Consumers for the Los Angeles-Anaheim-Riverside area, all items published by the United States Department of Labor, Bureau of Labor Statistics (1982-84=100). The "CPI Formula" means Basic Rent multiplied by a fraction, the numerator being the Index published for the month immediately preceding the month the adjustment is to be effective, and the denominator being the Basic Index. If the Index is changed, so that the Index differs

from that used as of the Commencement Date of the Lease, the Index shall be converted in accordance with the conversion factor published by the United States Department of Labor, Bureau of Labor Statistics. If the Index is discontinued or revised during the Term of this Lease, such other governmental Index or computation with which it is replaced shall be used in order to obtain substantially the same results as would be obtained if the Index had not been discontinued or revised.

Illustration of Formula. The formula for determining rent shall be as follows:

$$\begin{aligned} & \frac{\text{New Index}}{\text{Base Index}} \times \$28,328 \text{ (Monthly Basic Rent)} \\ & + \text{Amount needed to amortize Tenant's Additional Tenant} \\ & \quad \text{Improvements, if any} \\ & + \text{Amount needed to amortize change order costs, if any} \\ & = \text{Monthly Basic Rent} \end{aligned}$$

(c) Limitations on CPI Adjustment. In no event shall the monthly Basic Rent adjustment based upon the CPI Formula result in an annual increase greater than three percent (3%) per year of the Monthly Base Rent of \$28,328 (i.e., no more than \$849.84 per month, annually).

6. All other terms and conditions of the Lease and Agreement shall remain in full force and effect.

IN WITNESS WHERE OF this Lease has been executed the day and year first above set forth.

LANDLORD:

The

By: [Signature]

Name: Mark Gabay, President

TENANT:

COUNTY OF LOS ANGELES
a body politic and corporate

By: [Signature]

Mark Ridley Thomas
Chairman, Board of Supervisors

ATTEST:

Sachi A. Hamai
Executive Officer-Clerk
of the Board of Supervisors



I hereby certify that pursuant to
Section 25103 of the Government Code,
delivery of this document has been made.

SACHI A. HAMAI
Executive Officer
Clerk of the Board of Commissioners

By: [Signature]

Deputy

By: [Signature]

Deputy

APPROVED AS TO FORM:

OFFICE OF JOHN F. KRATTLI
COUNTY COUNSEL

By: [Signature]

DEPUTY

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

11

JUL 30 2013

4 of 4

[Signature]
SACHI A. HAMAI
EXECUTIVE OFFICER

71378 Supplement No. 1